



JMH Wealth Management, LLC

# JMH Wealth Management, LLC

## Part 2A of Form ADV

### Brochure

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This brochure provides information about the qualifications and business practices of JMHW Wealth Management, LLC (“JMHW”). If you have any questions about the contents of this brochure, please contact us at 603-643-8899. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about JMHW Wealth Management, LLC is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). JMHW Wealth Management, LLC is an SEC registered investment advisor. Registration does not imply a certain level of skill or training.

## Material Changes

JMHW's most recent update to Part 2 of Form ADV was made in March 2006. JMHW's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by JMHW in prior years.

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## Advisory Business

JMHW primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, and other legal entities. JMHW generally invests client assets in domestic and international stocks, bonds, no load mutual funds, and exchange traded funds ("ETFs").

JMHW works with each client to establish an appropriate investment profile. After a series of initial direct meetings and completion of multiple risk questionnaires, JMHW and each client set target asset allocation ranges. Clients can impose reasonable restrictions on JMHW's management of their accounts.

JMHW was founded in 2006 and is owned by Jeffrey M. Harris. As of March 31, 2011 JMHW managed approximately \$42 million on a discretionary basis on behalf of approximately 49 clients.

## **Fees and Compensation**

JMHW charges most of its clients an annual investment management fee based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$1 Million	1.00%
Amounts in excess of \$1 Million & up to \$3 Million	0.75%
Amounts in excess of \$3 Million & up to \$5 Million	0.60%
Amounts in excess of \$5 Million & up to \$10 Million	0.50%
Amounts in excess of \$10 Million	0.40%

JMHW generally does not waive or negotiate lower fees. Employee accounts are generally not charged fees.

Effective March 1, 2011, for new clients with account balances less than \$200,000, JMHW imposes a minimum quarterly fee of \$500, which may be waived or reduced.

JMHW charges fees monthly in arrears based on the account value at the end of the prior month. Most clients authorize JMHW to deduct fees automatically from their brokerage accounts.

If a client terminates the investment management agreement with JMHW in the middle of a billing period JMHW will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

If a client contributes more than \$50,000 during a month JMHW will prorate the fees on this contribution. Contributions of less than \$50,000 and partial withdrawals of client assets are not pro-rated and will be reflected in JMHW's fee calculation for the entire month.

In addition to JMHW's investment management fees, clients bear trading costs and certain custodial administrative fees, e.g., wire transfer fees. To the extent that clients' accounts are invested in no load mutual funds and/or exchange traded funds, these funds pay a separate layer of management, trading, and administrative expenses to the custodian, Fidelity Investments and/or the respective fund company.

## **Performance Based Fees and Side-by-Side Management**

JMHW does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to JMHW.

## **Types of Clients**

JMHW primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, other legal entities. JMHW's minimum account size is generally \$750,000, but this amount is negotiable.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Jeffrey M Harris conducts fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. For stocks and bonds the analysis generally includes a review of:

- The issuer's management and financial statements;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

Jeffrey M Harris is JMHW's Chief Investment Officer and is solely responsible for all investment decisions on client portfolios. Investments are evaluated independently, as well as in the context of clients' existing holdings, sector exposures, asset allocation targets, and risk tolerance.

JMHW primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause JMHW to sell securities more quickly.

JMHW does not engage in short selling or option writing.

All investing involves a risk of loss.

## **Disciplinary Information**

JMHW and its employees have not been involved in any legal or disciplinary events in the past 10 years.

## **Other Financial Industry Activities and Affiliations**

JMHW and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

JMHW has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires JMHW and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. JMHW's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of JMHW's code of ethics is available upon request. Additionally, we adopt and embrace the CFA Institute's *Code of Ethics, Standards of Professional Conduct* and *Asset Manager Code of Professional Conduct* in their entirety.

JMHW's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

JMHW maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction involving securities on the watch list requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage JMHW's clients.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In JMHW's experience, it is rare for an employee's personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

## **Brokerage Practices**

JMHW generally recommends that clients arrange for their assets to be held with Fidelity Investments ("Fidelity"). JMHW has managed client assets held at Fidelity for many years and has found Fidelity to offer good services at competitive prices.

### Soft Dollar Benefits

JMHW pays Fidelity directly out of its pocket on a quarterly basis for certain products and services. These products and services include:

- The receipt of duplicate client confirmations, statements, and other account information;

- Direct advisory fee debiting capabilities;
- Access to an electronic network for order entry, including the simultaneous entry of trades on behalf of multiple client accounts;
- A portfolio management system and software that supports JMHW's research processes.

Fidelity does not pay for JMHW employees' travel and accommodation costs in connection with industry conferences.

JMHW does not believe that clients whose accounts are held by Fidelity bear any additional costs in connection with JMHW's receipt of the products and services. Furthermore, Fidelity provision of these products and services is not contingent upon JMHW formally committing any specific amount of business to Fidelity. However, JMHW would not receive these products and services if client accounts were not held in custody and traded by Fidelity. JMHW's receipt of these products and services creates a conflict of interest in connection with JMHW's recommendation of Fidelity.

#### The Selection of Trading Counterparties

JMHW can typically trade accounts held at Fidelity using other broker/dealers. Fidelity does not charge clients trade-away fees.

For clients who elect to have their accounts held by firms other than Fidelity, JMHW's approach is generally to trade stocks, no load mutual funds, and ETFs with the chosen custodian, and to trade bonds with the dealer that offers sufficient liquidity and the most favorable pricing.

Clients may specifically request that their accounts only be traded through a particular broker/dealer. JMHW trades these accounts through the firm chosen by the client, which limits JMHW's ability to seek best execution. Trading restrictions may result in materially higher trading costs and reduced returns.

#### Best Execution Reviews

On at least an annual basis JMHW's Chief Compliance Officer and other employees evaluate the pricing and services offered by Fidelity. JMHW has sought to make a good-faith determination that Fidelity and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by JMHW's receipt of products and services from Fidelity. Historically JMHW has concluded that Fidelity is as good as, or better than, the other firms that have been considered. JMHW would notify its clients if it were to determine that another firm offered better pricing and services than Fidelity.

#### Aggregated Trades

JMHW typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades. If an order is partially filled, clients will have their orders fully filled on

a randomized basis; JMHW will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

When trading accounts through Fidelity and one or more other broker/dealers, JMHW may choose to place smaller trades ahead of larger trades when the smaller trades are not expected to materially affect the price or liquidity of the security in question. This practice may result in accounts held at Fidelity trading after other accounts with disproportionate frequency. It is possible that, over time, this practice could result in clients whose accounts trade through other broker/dealers experiencing a benefit at the expense of the Fidelity accounts.

### Client Referrals

JMHW does not compensate Fidelity, any other custodian, broker/dealer or individual for referring client accounts.

## **Review of Accounts**

Accounts under JMHW's management are monitored on an ongoing basis by Jeffrey M Harris. Companies held in client portfolios are monitored on a daily basis for changes in competitiveness, management, financial condition, and profitability. Portfolios are also monitored for exposure asset classes and industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a monthly basis. JMHW may supplement these custodial statements with reports provided during client meetings or as requested.

## **Client Referrals and Other Compensation**

JMHW does not pay any referral fees.

Other than the previously described products and services that JMHW receives from Fidelity, JMHW does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but JMHW can access many clients' accounts through its ability to debit advisory fees. For this reason JMHW is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a monthly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by JMHW.

## **Investment Discretion**

JMHW has investment discretion over all clients' accounts. Clients grant JMHW trading discretion through the execution of a limited power of attorney included in JMHW's advisory contract.

Clients can place reasonable restrictions on JMHW's investment discretion. For example, some clients have asked JMHW not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, JMHW has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that JMHW receives will be treated in accordance with these policies and procedures.

JMHW considers the reputation, experience, and competence of a company's management and board of directors when it evaluates a prospective investment. In general, JMHW votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. JMHW also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, that reward long-term performance, and that align the interests of management and shareholders.

JMHW has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if JMHW identifies a material conflict of interest it will follow the voting recommendation of the independent corporate governance consulting firm that it has retained.

A copy of JMHW's proxy voting policies and procedures, as well as specific information about how JMHW has voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies, or can give JMHW instructions about how to vote their respective shares.

## **Financial Information**

JMHW has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.





JMH Wealth Management, LLC

## JMH Wealth Management, LLC Part 2B of Form ADV The Brochure Supplement

45 Lyme Road, Suite 307  
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[www.jmhwealth.com](http://www.jmhwealth.com)

Updated: April 2012

This brochure supplement provides information about Mr. Jeffrey M. Harris. It supplements JMHW's accompanying Form ADV brochure. Please contact JMHW's Chief Compliance Officer, Jeffrey M Harris, at 603-643-8899 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Mr. Harris is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). JMHW Wealth Management, LLC is an SEC registered investment advisor. Registration does not imply a certain level of skill or training.

## **Jeffrey M. Harris' Biographical Information**

### Educational Background and Business Experience

Mr. Harris was born in 1955. He received a Bachelor of Arts degree, Economics, from the University of Pittsburgh in 1977 and a Masters in Business Administration, Finance and Investments, from The George Washington University in 1984.

Mr. Harris received the Chartered Financial Analyst® (“CFA”) designation in 1993.

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. There are currently more than 90,000 CFA charterholders working in 135 countries. In order to become a CFA Charterholder, Mr. Harris was required to pass a series of three sequential examinations, maintain membership with the CFA Institute and a local CFA chapter, and agree to abide by the CFA Institute's Code of Ethics and Standards of Professional Conduct.

### High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

Mr. Harris earned the Accredited Investment Fiduciary® professional designation in 2005, awarded by the Center for Fiduciary Studies, in association with the University of Pittsburgh. The AIF designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the AIF Code of Ethics. In order to maintain the AIF designation, the individual must annually renew their affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC

Mr. Harris holds the Certified Private Wealth Advisor<sup>sm</sup> designation since 2009, administered by Investment Management Consultants Association<sup>sm</sup> and taught in conjunction with The University of Chicago Booth School of Business.

The CPWA designation signifies that an individual has met initial and on-going experience, ethical, education, and examination requirements for the professional designation, which is centered on private wealth management topics and strategies for high-net-worth clients. Prerequisites for the CPWA designation are: a Bachelor's degree from an accredited college or university or one of the following designations or licenses: CIMA®, CIMC®, CFA®, CFP®, ChFC® or CPA license; acceptable regulatory history as evidenced by FINRA Form U-4 or other regulatory requirements; five years of professional client-centered experience in financial services or a related industry; and two letters of reference from an IMCA member, professional supervisor, or currently licensed professional in financial services or a related industry.

CPWA designees have completed a rigorous educational process that includes self-study requirements, an in-class education component, and successful completion of a comprehensive examination. CPWA designees are required to adhere to IMCA's *Code of Professional Responsibility and Rules and Guidelines for Use of the Marks*. CPWA designees must report 40 hours of continuing education credits, including two ethics hours, every two years to maintain the certification. The designation is administered through Investment Management Consultants Association (IMCA).

Mr. Harris has served as JMHW's Chief Investment Officer and as the Chief Executive Officer since 2006. Prior to founding JMHW, Mr. Harris was Senior Vice President of American Trust Company and American Trust Investment Advisors from 1995 to 2006. He also served as a Vice President of Fleet Investment Advisors from 1990 to 1995.

#### Disciplinary Information

Mr. Harris has not been involved in any legal or disciplinary events.

#### Other Business Activities

Mr. Harris has acted as an independent expert witness on one occasion with respect to an investment matter, in which he was not a party to the litigation, and received compensation in connection with this activity.

#### Additional Compensation

Mr. Harris does not receive economic benefits from any person or entity other than JMHW in connection with the provision of investment advice to clients, with the exception of acting as an expert witness as described above.

#### Supervision

As JMHW's founder and Chief Executive Officer, Mr. Harris maintains ultimate responsibility for the company's operations. Mr. Harris can be reached directly by calling the telephone number on the cover of this brochure supplement.